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United Nations reform: measures and proposals

Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2018–2019

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Global service delivery model for the United Nations Secretariat

Fifty-first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the proposal of the Secretary-General on the global service delivery model for the United Nations Secretariat. During its consideration of the proposal, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 1 June 2018.

2. With respect to the status of documentation, the Advisory Committee notes that the Secretary-General first submitted his report dated 21 March 2018 on a global service delivery model for the United Nations Secretariat (A/72/801), in which he proposed four unnamed shared service centres. The Secretary-General then submitted an addendum dated 6 April 2018 (A/72/801/Add.1), in which he provided the proposed locations of the four previously unnamed shared service centres (Budapest, Nairobi, Kuala Lumpur and Mexico City).[1] Subsequently, the Secretary-General revised his proposal to reflect three shared service centres (to be located in Budapest, Nairobi and Mexico City) by submitting document A/72/801/Add.1/Rev.1, dated 1 May 2018, an advance version of which indicated that the revision was being made

[1] The proposal also included local client support desks in Addis Ababa, Bangkok, Beirut, Geneva, New York, Santiago and Vienna, as well as a Rapid Deployment Unit in New York.

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to the addendum (A/72/801/Add.1). This was amended in the final version of the document to indicate that the revision was being made to the main report (A/72/801). **The Committee is of the view that the piecemeal submission of revised documents and the subsequent amendments have resulted in a lack of clarity as to the official documentation that is before the General Assembly. The Committee considers that, for clarity and ease of reference, the Secretariat should have submitted one consolidated revised or reissued document for the consideration of the Assembly.**

II. Proposal of the Secretary-General

3. The proposal of the Secretary-General is submitted pursuant to General Assembly resolution 71/272 A, in which the Assembly requested the Secretary-General to submit for its consideration a report on the global service delivery model containing a comprehensive and fully developed proposal that continued to take into account the views of all stakeholders, with a clear benefit realization plan. The Advisory Committee recalls that the Assembly reiterated the importance of taking into account lessons learned and best practices of all ongoing business transformation initiatives, and that the proposal should take into account the use of all existing United Nations infrastructure, including those away from Headquarters.

4. The Advisory Committee recalls that, in its resolution 70/248 A, the General Assembly emphasized that a detailed proposal should consist of a business case, including the establishment of an end-state vision, clear goals and objectives, as well as a detailed cost-benefit analysis containing information on qualitative and quantitative benefits. It also requested the Secretary-General to include staff costs as one of the criteria in his evaluation of possible locations for administrative services. In addition, the Assembly noted with appreciation the initiative of the Secretary-General to establish a global service delivery model of the United Nations Secretariat. **The Committee reaffirms the continued importance of a global service delivery model for the United Nations Secretariat.**

5. The Secretary-General indicates that the global service delivery model consolidates location-independent hub functions into Global Shared Service Centres, consisting of transactional administrative processes such as human resources administration, accounts payable and payroll. In the proposal, it is stated that the criteria used in the assessment of potential locations for the centres was approved by the global service delivery model steering committee[2] and included: security and stability; family duty station; health care, education and access; infrastructure; availability of a qualified local workforce; strong host Government relations; and staff and operational costs. Additional criteria included: (a) time zone coverage across the worldwide operations of the Secretariat using a "follow-the-sun" support model which allows transactions to be processed and passed between shared service centres in different time zones, (b) business continuity in the event of a service disruption at one of the centres; (c) specific requirements of different parts of the Secretariat, including language requirements; and (d) possible future consolidation of shared service delivery across the United Nations system (ibid., paras. 6, 25, 26 and 28–30).

6. It is indicated that 45 existing locations of the United Nations that deliver administrative support services were included in the location assessment, of which 28 met the minimum requirements and were evaluated against the scoring criteria. In the proposal, it is stated that the scoring criteria comprised: (a) cost, including staff,

[2] The Advisory Committee was informed upon enquiry that the members of the steering committee included Under-Secretaries-General and Assistant Secretaries-General of relevant Headquarters departments, offices away from Headquarters, regional commissions and other key stakeholders.

operational and one-time set-up costs (40 per cent); (b) qualified local workforce, including availability, quality and language skills (40 per cent); and (c) location suitability, including quality of life, country risks and infrastructure (20 per cent) (ibid., paras. 30 and 31, and figure VI).

7. The result of the location assessment indicated that Budapest, Nairobi, Kuala Lumpur and Mexico City were the highest scoring in their respective regions (i.e., Europe, Africa, Asia and the Americas) and it was proposed that four shared service centres be established in those locations. Subsequently, the Advisory Committee was informed that the Government of Malaysia had informed the Secretariat that it was not in a position to support the hosting of a shared service centre, and the Secretary-General had decided to revise his proposal to reflect the establishment of three centres, in Nairobi, Budapest and Mexico City. In the proposal, it is stated that this combination of locations would provide for time zone and regional coverage, and business continuity to address the urgent needs of clients outside of office hours and to handle emergency response at required times. It is also proposed that a small client service desk be established in Bangkok, co-located with the Economic and Social Commission for Asia and the Pacific, to ensure time zone coverage for clients in East Asia and Oceania. In addition, it is proposed that a small satellite team (Rapid Deployment Unit) be based in New York to carry out rapid response actions, particularly transactions for conferences and delegates. It is also proposed that local client support desks be established in Addis Ababa, Beirut, Geneva, New York, Santiago and Vienna (see A/72/801/Add.1, para. 6; and A/72/801/Add.1/Rev.1, paras. 12, 32 and 33, and proposed organization chart).

8. In the proposal, it is asserted that this combination of locations would also provide for adequate resourcing to share the heavy workload in the central time zone, which includes Africa and Europe (see A/72/801/Add.1/Rev.1, para. 12). Upon enquiry, the Advisory Committee was informed that approximately 66 per cent of United Nations personnel were located in Europe and Africa, comprising 50 per cent in Africa and 16 per cent in Europe. The Committee was also informed that, while the Global Shared Service Centres would provide location-independent functions, establishing a centre in a region with a significant concentration of clients would facilitate client interaction, with the proposed centres primarily supporting clients in their region.

9. Regarding the scope of the services to be offered by the Global Shared Service Centres, the Secretary-General indicates that, of the 201 location-independent transactional administrative processes, 60 processes are expected to be offered in shared service centres in 2019, comprising 35 human resources administration processes, 21 finance processes and 4 corporate service processes. A total of 46 additional processes were identified as having the potential for reassessment and implementation in a subsequent expansion starting from 2020, while the remaining 95 processes were not envisaged to be offered at this time (see A/72/801, para. 27). Upon enquiry, the Advisory Committee was informed that, of the 60 processes to be offered at the Global Shared Service Centres, 8 could be time-sensitive (comprising 4 human resources, 2 payroll and 2 accounts payable processes), while the others were not strictly time-limited.

10. **The Advisory Committee notes that the rationale provided for the proposed combination of three locations include time zone and regional coverage using a "follow-the-sun" support model and reflecting business continuity considerations, in order to address the urgent needs of clients. In this context, the Committee notes that, of the 60 processes to be offered by the Global Shared Service Centres, only 8 could be time-sensitive. Considering that most of the processes to be handled by the three centres would not require an urgent response, the Committee is not fully convinced that the "follow-the-sun" model for time zone**

coverage is essential. Taking into account the workload and the nature of the processes to be covered by the Global Shared Service Centres, the Committee considers that two Global Shared Service Centres would be able to perform the required functions, ensure business continuity and meet the needs of clients. The Committee recalls in this context that the Secretary-General previously proposed a global service delivery model with an end-state of two locations (see A/71/417).

11. **The Advisory Committee therefore recommends that the General Assembly request the Secretary-General to submit, during the main part of the seventy-third session, a new proposal for the establishment of two Global Shared Service Centres. In his new proposal, the Secretary-General may include, but need not be limited to, the current proposed locations. Should the workload data or other relevant factors indicate that more time zone coverage is required, the Secretary-General may propose smaller capacities, such as support desks, in other locations. The Committee trusts that the new proposal will take into account the Assembly's decisions on the global service delivery model. The Assembly may wish to consider providing the Secretary-General with additional guidance in this regard, including on any relevant criteria to be applied.**

12. **Considering the significant amount of workload in the African region, and that approximately 50 per cent of United Nations personnel are located in Africa, the Advisory Committee also recommends that the new proposal include at least one centre to be located in Africa.**

Language skills

13. Upon enquiry as to the language skills of the local workforce in the proposed locations, in particular French, the Advisory Committee was informed that language skills accounted for 8 per cent of the total score under the scoring criteria mentioned in paragraph 6 above. The Committee was also informed that the expected workload in French was significant, as there were approximately 6,000 locally recruited staff in duty stations with French as the official language, mainly in Africa and Europe. **The Committee is of the view that the new proposal should ensure adequate coverage of French-speaking staff, taking into account the significant number of staff in field missions and other presences in French-speaking countries, and noting that French is one of the two working languages of the United Nations Secretariat.**

Project costs

14. With respect to the related costs, the Advisory Committee notes that the revised budget of the Global Shared Service Centres is proposed in the amount of $52,109,800 for the biennium 2018–2019, as compared with the original proposed resources of $48,034,700 (see A/72/801/Add.1/Rev.1, para. 120 (c); and A/72/801, para. 120 (c)). In the revised proposal, it is stated that once the project is fully delivered, there is estimated to be an $11.3 million cost reduction per year over the baseline cost, as compared with a $16.7 million cost reduction in the original proposal (see A/72/801/Add.1/Rev.1, para. 15; and A/72/801, para. 15). Furthermore, in the revised proposal it is indicated that the transition cost would be $55.9 million, as compared with $53.045 million in the original proposal (see A/72/801/Add.1/Rev.1, para. 21; and A/72/801, para. 21). In the revised proposal, it is also stated that the project is expected to break even at the start of year five and cumulatively save the Organization $10.3 million in five years; in the original proposal, the project was expected to break even within three and a half years and cumulatively save the Organization $39 million in five years (see A/72/801/Add.1/Rev.1, para. 22; and A/72/801, para. 22). **The Committee notes that the revised proposal reflects higher costs with lower savings and a longer break-even period. The Committee**

reiterates that the proposals for a global service delivery model should focus both on achieving improvements in the delivery of administrative services and on reducing the related costs (see A/70/436, para. 18). The Committee emphasizes that the global service delivery model should result in increased efficiencies and cost savings from greater consolidation of services, and expects the new proposal to clearly reflect increased efficiencies and cost savings.

15. In respect of the biennium 2018–2019, section V of A/72/801/Add.1/Rev.1 contains a summary of the budget implications of the proposal, including recurrent and non-recurrent resource requirements for the Office of the Director and the three proposed shared service centres. **In view of its recommendations in paragraphs 10, 11 and 12 above, the Advisory Committee makes no specific recommendations on the proposed resources at this stage. The Committee trusts that the Secretary-General will review the proposed workload to be undertaken by the Global Shared Service Centres, as well as the recurrent and non-recurrent resource requirements, and that the proposed budget in the new proposal will reflect comprehensive justifications based on workload and will include qualitative and quantitative efficiencies.**

Scope of services

16. **With respect to the proposed 60 processes to be delivered by the Global Shared Service Centres, the Advisory Committee recommends that the Secretary-General review the remaining number of processes to be delivered, with a view to including more processes at an earlier phase in order to increase efficiencies and maximize the use of the global service delivery model.**

Local client support desks

17. The Secretary-General's current proposal also includes local client support desks in Addis Ababa, Beirut, Geneva, New York, Santiago and Vienna (see A/72/801/Add.1/Rev.1, proposed organization chart). Upon enquiry, the Advisory Committee was informed that the local client support desks were a transitional measure that would allow for a more structured move to remote service provision over time. The Committee was also informed that these desks would provide direct support to staff as well as help staff seek support from the remote service support providers. **The Committee is of the view that the Secretary-General should review the requirement and functions of local client support desks as a transitional measure in the context of the new proposal.**

Proposed posts and positions

18. In the proposal, it is indicated that 684 posts will be funded as posts, with additional positions required in years one and two to be funded using general temporary assistance, as well as additional staff for implementation and capacity-building activities to be funded under general temporary assistance. A total of 684 related posts and general temporary assistance positions have been proposed for abolishment in 2019 (see A/72/801, para. 14; and A/72/801/Add.1/Rev.1, para. 116). **The Advisory Committee notes that the proposed staffing of 684 posts has remained unchanged from the original four-centre proposal to the revised three-centre proposal. The Committee considers that the proposed staffing required should have been more closely reviewed in the context of the revised proposal to achieve more efficiencies from further consolidation. The Committee expects that the new proposal will contain detailed justifications for the proposed staffing of the centres.**

19. The Secretary-General proposes a single management structure for shared services, to be led by the Director, Global Shared Services (D-2), for strategic direction and oversight of shared service operations. The shared service centres would be headed by chiefs (at the D-1 level) who would report to the Director (D-2) (see A/72/801, paras. 38 and 43). The Advisory Committee notes that the proposed requirements for executive direction and management amount to $33,505,200 out of the total of $52,109,800 for the biennium 2018–2019. **The Committee is not convinced that the global service delivery model requires a separate management structure overseeing the management of the individual centres. Furthermore, the Committee is of the view that further justifications are required for the proposed levels of posts and resources. The Committee trusts that the management and staffing levels will be reviewed in the context of the new proposal with a resulting leaner structure more clearly aligned with workload and operational requirements.**

Other matters

20. Upon enquiry, the Advisory Committee was informed that the global service delivery model project and the proposed Global Shared Service Centres would be subject to audits by the Board of Auditors and the Office of Internal Oversight Services as required. The Committee was also informed that the project owner was the Under-Secretary-General for Management, in close collaboration with the Under-Secretary-General for Field Support. **The Committee recommends that the General Assembly request the Secretary-General to include in his new proposal detailed information on key elements of the project, in line with the practice for previous organizational initiatives, such as annual auditing and reporting; designation of the project owner; governance arrangements; detailed post descriptions based on workload; timelines for the establishment and abolishment of posts; the implementation plan; mitigation measures; change management; and risk management, as well as the application of other organizational initiatives such as the information and communications technology strategy and the enterprise resource planning system (Umoja). The Committee also expects that the new proposal will include detailed information regarding the impact of the new proposal on the United Nations Secretariat structures which currently provide support functions. The Committee also trusts that staff will be kept duly informed of the developments with respect to the project.**

21. The Advisory Committee was informed upon enquiry about the engagement with Member States and potential host countries undertaken by the Secretariat in relation to the global service delivery model project. **The Committee stresses the importance of continued close consultations and engagements with Member States, including potential host countries, in the ongoing development of the project, and current host countries of United Nations entities which may be impacted by the global service delivery model.**

22. The Advisory Committee notes that the report of the Secretary-General entitled "Shifting the management paradigm in the United Nations: implementing a new management architecture for improved effectiveness and strengthened accountability" (A/72/492/Add.2), and the related report of the Committee (A/72/7/Add.49), are presently before the General Assembly for its consideration. **As the decision of the General Assembly on this issue may have an impact on the proposals of the Secretary-General on the global service delivery model, the Committee trusts that the new proposal will take into account the decisions of the Assembly on management reform.**

III. Conclusion

23. The actions requested by the Secretary-General to be taken by the General Assembly are indicated in section VI of document A/72/801/Add.1/Rev.1. **The Advisory Committee recommends that the General Assembly request the Secretary-General to submit, during the main part of the seventy-third session, a new proposal for the global service delivery model, taking into account its observations and recommendations above.**